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September 22, 2011

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street SW
Washington, D.C. 20554

**Re: Lifeline and Link-Up Reform and Modernization; CC Docket No. 96-45,
11-42, Federal-State Joint Board on Universal Service; and WC Docket No.
03-109, Lifeline and Link-Up**

Dear Ms. Dortch:

On September 14, 2011, Dr. George Korn, associate professor in the School of Media Arts and Studies at Ohio University and communications consultant for the Rainbow Push Coalition, met with Commissioner McDowell and Christine D. Kurth, policy director and wireline counsel, regarding the above-referenced proceedings.

In particular, Dr. Korn discussed the positive impact of the program on low income Americans and the benefits of continuing the Lifeline and Link-Up America program for voice service as we move to broadband, specifically through the Lifeline cell phone program, since only about 1/3 of qualified households are currently participating in the program and the need for basic voice service in the low income community continues to be great. Also discussed was the positive impact of the "Direct Action" outreach efforts of particular Lifeline providers in providing help to low income Americans during emergency situations, such as the outreach efforts made during the West Virginia mining disaster.

Dr. Korn discussed the importance of maintaining the status quo of allowing Lifeline applicants to enroll by continuing to "self-certify under penalty of perjury." He stated that imposing additional restrictions, such as requiring "proof of poverty", for example, copies of food stamp letters, will prevent and discourage qualified low-income households from enrolling in Lifeline. Dr. Korn related that his experience has shown that documentation of program-based eligibility is not readily available to many low income households that may relocate often and lack the luxury of organized retention of important papers and documents issued over time. Low income Americans also lack access to fax machines, copiers, and scanners needed to transmit documentation to service providers seeking to enroll Lifeline and Link-Up subscribers. Also, the enrollment database that is being developed will provide an effective and appropriate means of addressing certification issues.



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Dr. Korn also discussed his personal experience in observing Lifeline "Direct Action" outreach efforts, and the impact of the program in assisting America's poor in dealing with their personal affairs, including job searches. He discussed various studies regarding the impact of availability of telecommunication services to low income Americans, including the Sullivan study, which shows that full participation in Lifeline will add \$4 billion to the income of low income Americans. So, arguably, the Lifeline wireless program is paying for itself through the positive economic impact the program provides.

Dr. Korn also discussed the negative impact and regressive effect a minimum fee would have on the Lifeline wireless program. Not only would a minimum fee be difficult to administer, such minimum "skin in the game" charges will only serve to inhibit the success of the program as it is well known that a very large percentage of Lifeline subscribers are "unbanked." He suggested that the proposed minimum monthly fee runs counter to the intent of the Lifeline program to provide free, basic service to those most in need.

Dr. Korn said that the FCC's efforts to curb fraud, waste and abuse are to be encouraged; however, the current proposals should be viewed in context. Although undetermined, the estimated percentage of subscribers who have obtained free minutes of usage under this program and who are potentially unqualified should logically be considered de minimus based upon the simple fact that over 45 million Americans are currently receiving food stamps. This equates to an increase of 64% percent since January 2008 equaling one in eight Americans, and one in four children.

Also, statistics released in September indicate that 1 in 6 Americans are now living in poverty. Given these numbers, it is unlikely that vast numbers of unqualified Americans are enrolling in Lifeline.

Dr. Korn suggested that the de minimus amount of potential dollars in unqualified Lifeline benefits paid at the rate of \$7 to \$10 a month per subscriber is dwarfed by the billions of dollars in fraud, waste and abuse the country experienced in the Wall Street debacle or the 30 to 60 billion dollars that cannot be accounted for in Afghanistan. Just the lost wartime funds in Afghanistan would fully fund the Lifeline and Link-Up programs for 7 - 15 years. All fraud, waste and abuse should be addressed, but it seems unfair to ferociously target the poor when far more significant instances of fraud, waste and abuse seem to get shrugged off.

Any potential unqualified Lifeline or Link-Up beneficiaries will be weeded out by the national database which both the industry and the FCC are currently working together to implement. Also, the problem seems to be driven more by ignorance than intent. Providers need to do a better job of educating subscribers about the one discount per household rule.

Dr. Korn discussed his observations of the direct and immediate benefits of niche providers, such as Nexus Communications Inc., which, because of fundamental differences in corporate orientation, concentrate their outreach efforts in geographical areas that go mostly un-served by the larger incumbent carriers.

Rev. Jesse L. Jackson, Sr., *Founder & President*
Martin L. King, *Chairman*
www.rainbowpush.org



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He discussed Nexus' corporate outreach commitment to getting service to poor people and the human needs that have been served by this orientation.

Dr. Korn related that, though Nexus' business model may not have been fully envisioned back in 1997, the company's success in delivering Lifeline to those it was designed to serve is beyond question.

The Lifeline program, in the form envisioned by Congress, has been very successful. Yet, only about 1/3 of qualified households are enrolled. Cellular Lifeline providers should not be, in essence, victimized by their own success, having succeeded where the larger telecom providers have not. A cap on the program would be wholly inappropriate when around 68% of eligible low income Americans have yet to enroll.

Dr. Korn also related that any reforms contemplated by the FCC should ensure that all rules of the program are applied equally and enforced unilaterally on all providers. For example, regulations that apply different rules regarding annual verification to different providers should be eliminated. Ensuring uniformity of procedures will add efficiencies to the program. Likewise, the definition of Link-Up should not be changed to exclude certain types of providers, like Nexus, simply because it elects to focus on providing services to low income families almost exclusively.

Dr. Korn relayed the idea that almost everyone across the economic or political spectrum strongly supports broadband deployment; but we must not deliver broadband at the expense of the wireless Lifeline program. Low income consumers will need basic voice service for some time to come. Until we develop a system to serve these people with affordable broadband, Lifeline and Link-Up must be maintained for wireless voice service.

Dr. Korn noted that other low income advocates like AARP, National Consumer Law Center, Rainbow Push and Keep USF Fair all support a Low Income program that is economically sustainable and maintains basic telecommunication services for those who need those services the most.

Pursuant to Section 1.1206(b) of the Commission's rules, this letter is being filed electronically. If you have questions regarding this letter, please contact me directly.

Sincerely,

/s/ Dr. George Korn
Dr. George Korn, Ph.D.



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